

Workforce Development and Its Importance to Economic Development



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Senior Partner

Who We Are

- CSW is a national private non-profit consulting firm based in Ann Arbor Michigan, founded in 1991
- Our Mission: *Help communities thrive in a knowledge and skilled driven economy*

But First...

The National, State, and
Local Context for Workforce
Investment Boards

The Workforce Investment Act

- Intent: system building legislation
- Originally 5 year duration
- Set high expectations

Guiding Principles of the Law

- **Universal Access**
- **Streamlined System**
- **Customer Empowerment**
- **Increased Accountability**
- **Strong Local Boards**
- **Flexibility in Implementation**
- **Creativity in Youth Programs**

Workforce Investment: A System Approach

- **The Workforce Investment System includes public and private investments and activities which are undertaken to ensure that:**
 - **Individuals are employable and have jobs**
 - **Companies can find and develop the skilled workforce they need to be successful in the marketplace**

Workforce Board Roles In The Law

- **Chartering One-Stop career centers**
- **Oversight of public funds**
- **Quality champions**
- **Strategic community planning on workforce issues**

Purpose of Workforce Boards

- Policy-making, not operations
- Focus on strategic direction
- Forge a market-based, industry-led partnership
- Integrate economic and workforce development planning

Their Goals

- Find, attract, retain, mature talent
- Remove barriers to employment
- Increase the size of the labor pool
- Increase participation in the labor pool

One-Stops: A Key 1st Strategy

- The law requires every region to have at least one comprehensive One-Stop center
- Board selects operator(s) and its site
- Purpose: to deliver excellent service to help employers and job seekers get the information and help they need related to employment, training, and career management.

The Larger Role of the Workforce Board: *Manage Issues, Not Programs*

Assessing Community Needs

“Know Where You Are and Where You Need to Go”

- **Boards start with this question**
 - *“What is the state of the workforce?”*
- **Boards create a fact based baseline and create goals**
 - Identify the gap and create a plan of work

How Boards Assess Needs

- **Job Skill Needs Survey and Study**
 - Creates an understanding of where the workforce is relative to the needs
- **State of the Workforce Report**
 - Tool for planning changes and improvements to local workforce development policy and initiatives
 - Provides core indicators of success
 - Reveals changes in the workforce against measures and time

Building A Strategic Plan

“It’s All Strategic”

- Have a “Gretzky” Model for Planning
 - “Go where the puck will be, not where it is . . .”
- A Five-Year Strategic Plan
 - It’s not a one-time effort; it is a Continuous Improvement Process
 - Update annually, always with a five-year view

Identifying and Managing Key Issues

*“Workforce Development Is the Silent Headline
That Runs Above the Fold Everyday”*

So, what are the issues?

Key Workforce Issues

- Literacy
- Immigrant Demographics
- Wage Development
- Childcare
- Transportation
- Affordable Housing
- Emerging Labor Pools
- Quality Education
- Declining Labor Pools

Key Stakeholders for Boards

- **Economic Development Groups**
- **Education Leaders**
- **Elected Officials**
- **Business Leaders**
- **Labor Leaders**
- **Community Organizations**

Connecting Workforce Development and Economic Development

A Sense of Urgency Exists

“States and communities across the country are looking for ways to compete for economic growth and good jobs. Developing a skilled, high quality workforce has become an important strategy in state and local economic development efforts.”

Visionary Leadership and Planning Guide NLIWE

A Sense of Urgency Exists

“Because there is a sense of urgency to deal with a host of workforce development challenges and needs ... state and local workforce boards are evolving into a pivotal role: organizing comprehensive responses to these challenges.”

The Biggest Threat

“The biggest threat to our economic survival is the lack of a skilled workforce.”

Tony Zeiss
President CPCC

Points to Consider

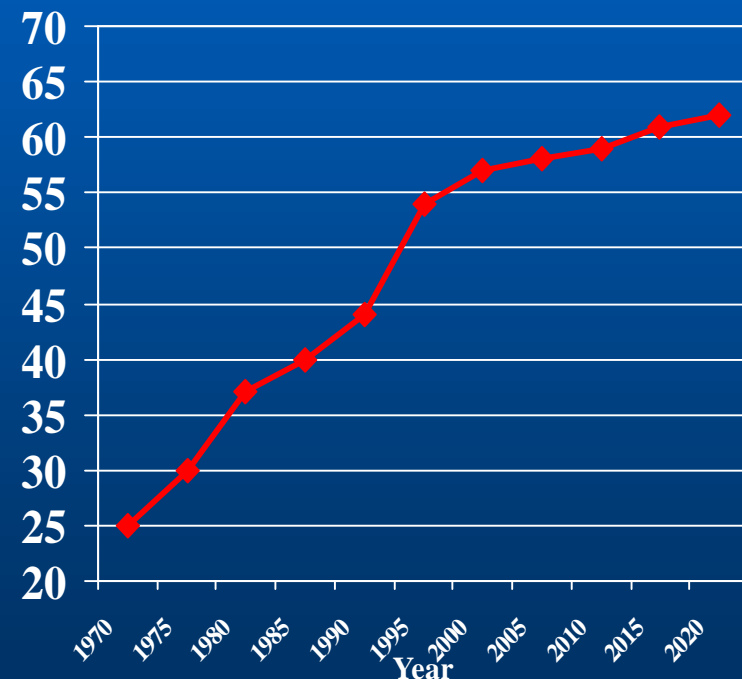
National Trends Impacting Workforce Preparation and Economic Outcomes

Aspine Institute, 2002 Report

Gains in Education are Slowing

- In the last 20 years, there has been a 19% gain in the share of workers with post-high school education.
- In the next 20 years, that gain is projected at 4%.

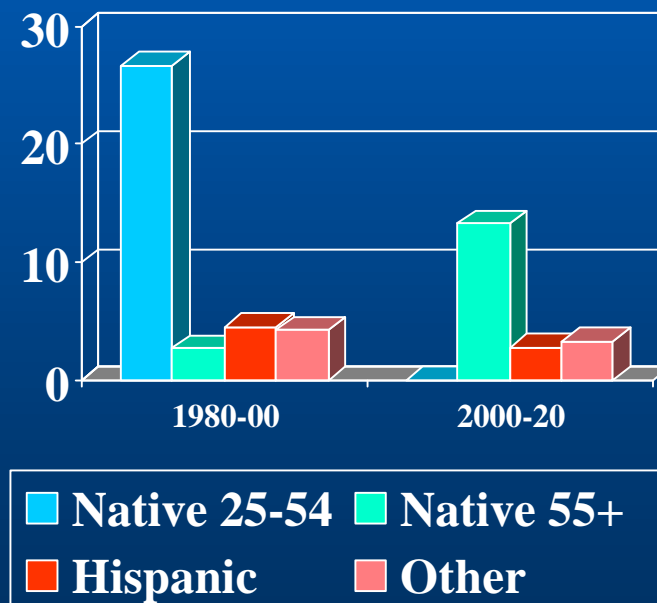
Percent of Workers Age 25 and Over with More Than High School Degree



Change in Labor Force Demographics

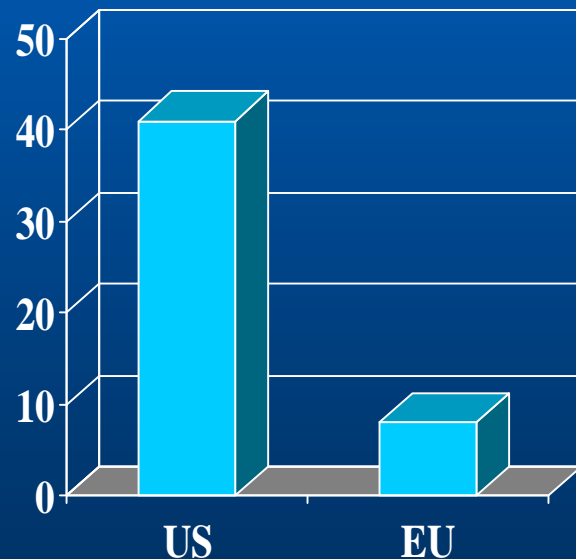
- Of the 138 million people in the labor force in 2020, 15% will be non-native immigrants (6.6% Hispanic).
- Native Non-Hispanic Whites in labor force: 78.9% in 1980, 63.2% in 2020.

Growth in Labor Force Components



Productivity and Education

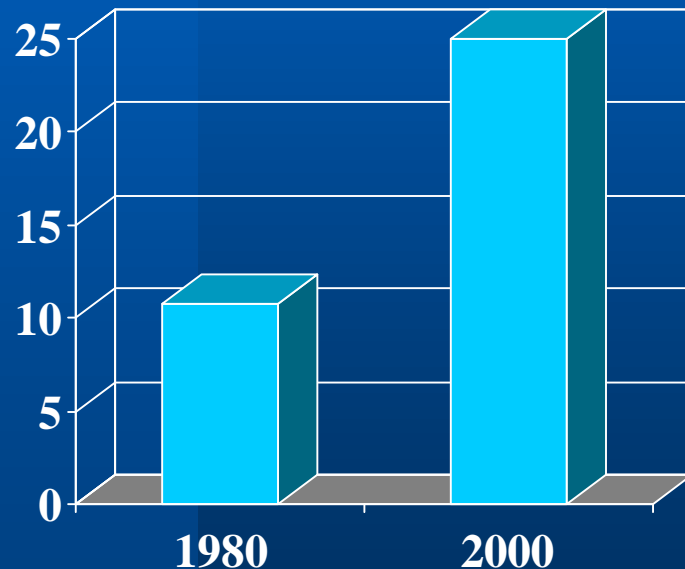
**Job Growth in Millions
1970-1995**



- The United States economy created many more jobs than the EU during this 25 year period, despite the fact that on many measures their students outperformed American students and their populations were roughly equal.
- From a historical perspective, periods of high economic productivity in America are not necessarily correlated with high academic achievement.

Globalism

Foreign Trade as a
Percentage of the GDP



- Between 1994-2001, the government certified that 413,123 workers lost jobs due to NAFTA (36,278 in NC).
- In 1993 the US had a \$1.7 billion trade surplus with Mexico, in 2000 the figure was -\$25 billion. During the same period the deficit with Canada rose from -\$11 to -\$45 billion.
- Almost 2 trillion dollars a day are traded in world currency markets.

But Remember

“A Trend Is Not A Destiny”

"A Trend Is Not A Destiny"

- Your challenge is to bend the curve and create a new destiny
- If you do nothing, then then you'll follow the trend
- If you plan now for action, then you'll create a "preferred future"
- You create the 20% difference

The 80/20 Factor In Economic Development

- **Most local economies are driven by national and global economic forces**
 - The 80% factor
- **The remaining economic forces are from local efforts to create competitive advantages**
 - The 20% factor

What Is Economic Development About?

- **Old School**

- **Infrastructure**
- **Tax base**
- **Any business at any cost**

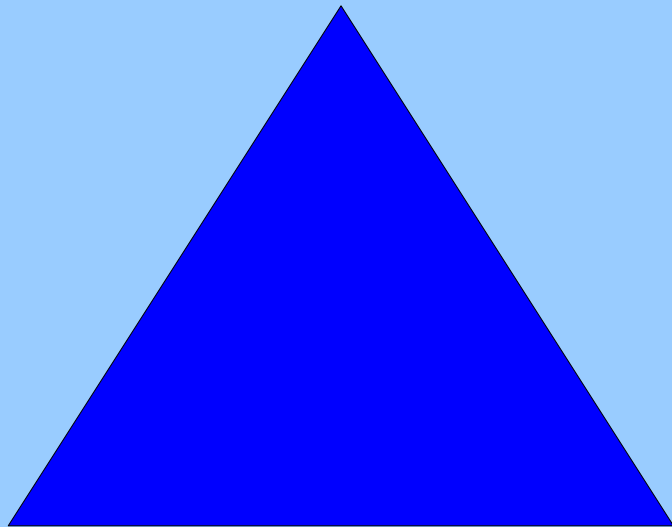
- **New School**

- **Diverse industry clusters and networks**
- **Job development**
- **Community clustering**
- **Driven by strategic decisions; plan to end up where you want to end up**

Another View

Old Economy

Manufacturing

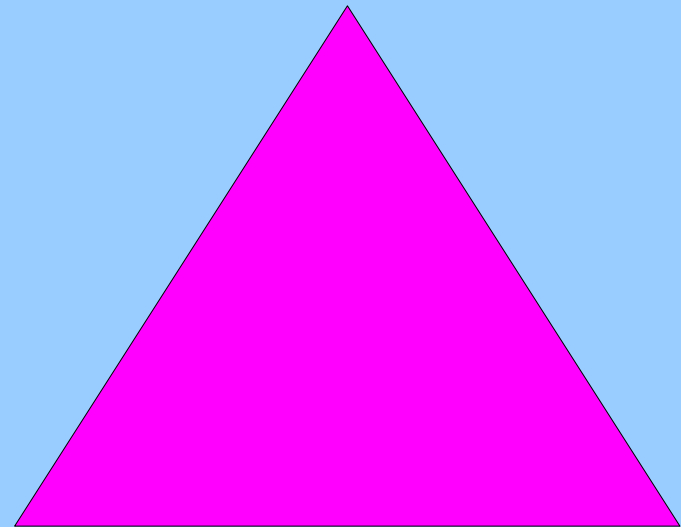


Sites

Labor

New Economy

Technology



Place

Talent

Working Definition

“Economic development is the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services.”

The New Economy Is Coming

- **It is critical to build a more highly skilled and knowledgeable workforce**
- **They must be trainable for the new jobs**
- **Local boards must align themselves with economic development initiatives to ensure workforce alignment with business needs**

To Create a Competitive Advantage, *Regions* Must

- Invest in their infrastructure, and,
- Invest in the skills of their citizens

Economic Development Includes 5 Strategies

- **Workforce Competitive Advantage**
 - Labor market vigor and adaptability
 - Highly educated and trained
 - Skills match the demand
- **Infrastructure**
 - Transportation
 - Utilities and telecom
 - Real estate
- **Pro-business Environment**
 - Incentives and taxation
 - Demographic planning
 - Entrepreneurial supports
- **Quality of Life**
 - Public safety
 - Healthcare
 - Diversity, faith and family
- **Cool Places and Things**
 - Arts and culture
 - History
 - Sports and entertainment

It Is About Creating A Success Climate For

- **Attraction**
- **Expansion**
- **Retention**
- **Micro and Small Business Development**
- **Emerging Industries**
- **Destination Attractions**
- **Supportive Businesses**

However

**Without a strategic *WORKFORCE
COMPETITIVE ADVANTAGE* plan,
economic development goals are
destined to fail**

**You cannot get there from here
without it**

Education and Workforce Development *Support* Economic Development

- *A good quality of life is related to a good wage*
- *A good wage depends on a good job*
- *Good jobs are dependent on a strong, diversified economy*
- *A strong economy is dependent on a high quality education*
- *Quality education depends on healthy children and families*
- *Healthy children and families depend on vibrant communities!*

North Carolina Progress Board NC20/20 2001

Why Regional?

- **Economic development initiatives must be regionally focused**

“Rural towns and counties will have to see that the neighboring town is not their competition, but rather that collaboration can boost their chances of success – even survival – in a global economy.”

2002 State of the South Report MDC Inc.

Why Regional?

- States and regions are the “locus of a competitive advantage” in the new economy
- Finding, creating, and retaining “local pools of talent” is critical to competitiveness – attracts investment, growth, and prosperity
- Business development is attracted to a region first

Recent Quote From MO

Comment referencing Missouri's relative position with surrounding states on college participation rates (32.9%):

"What that means is if an employer is looking for a skilled workforce with the leadership potential that the jobs of the 21st century will require, he may not be as eager to look at (locating in) Missouri as he would be if we closed the gap."

Quentin Wilson, MO Commissioner, Higher Education
Kansas City Star, October 2, 2003

Overarching Goals

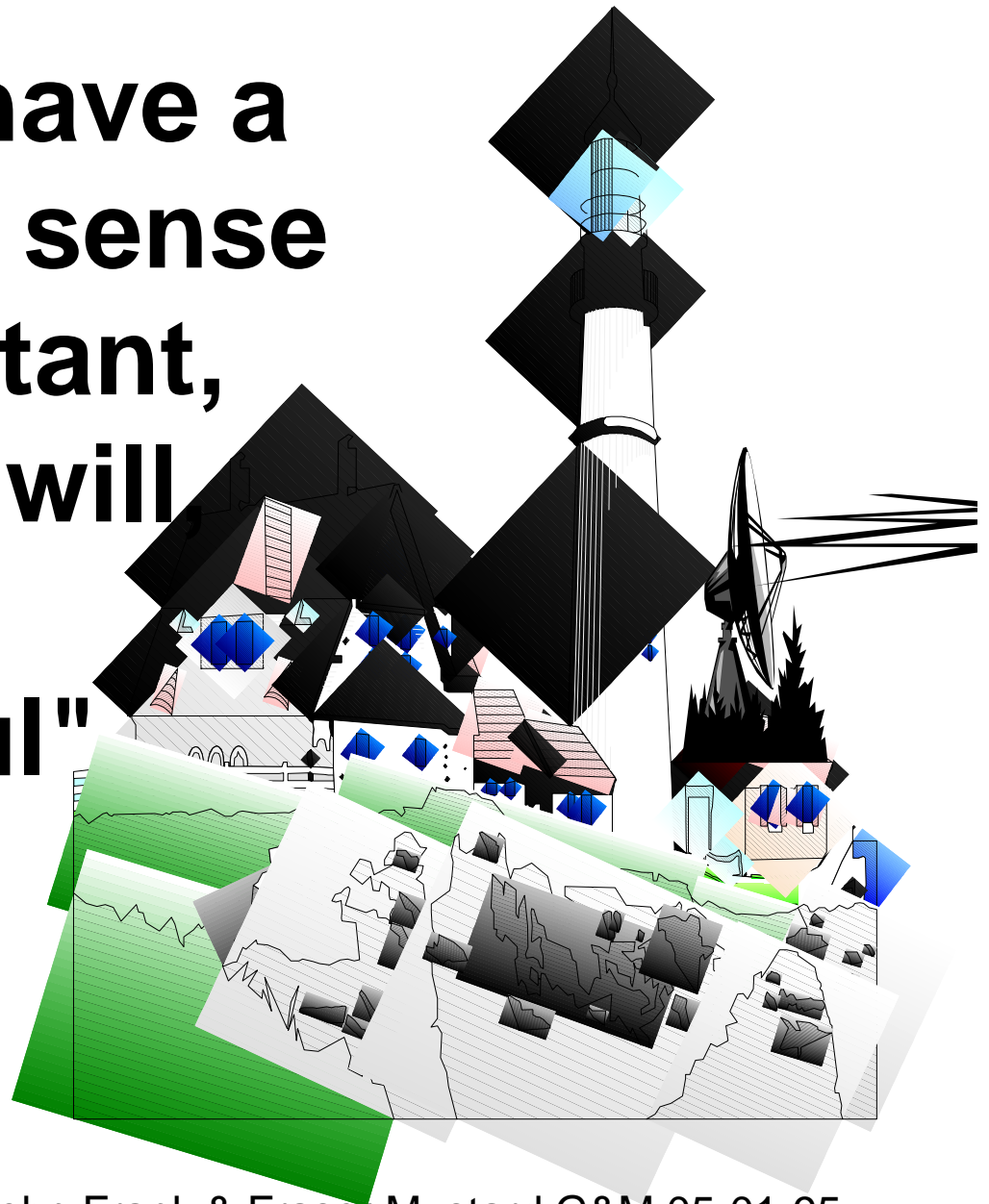
- ***Workforce Development:*** the citizens of the region will have the knowledge, competencies, and skills to be successful in their chosen career, and are able to take advantage of a prosperous economy
- ***Economic Development:*** have diverse, dynamic and sustainable economic growth in the region that will serve its citizens by developing sustainable higher wage job growth
- ***Education:*** equip and prepare all of the region's students and citizens to participate in a knowledge and skill driven economy

Fundamental Question

“If business does come, will we be prepared?”

“Are our workers trainable?”

"Societies that have a strong coherent sense of what is important, and a collective will will probably be most successful"



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